



## Local Housing Incentive Account (LHIA)

### Information and Contacts

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#### **Metropolitan Council's Mission Statement:**

- The mission of the Metropolitan Council is to develop, in cooperation with local communities, a comprehensive regional planning framework, focusing on transportation, wastewater, parks and aviation systems that guide the efficient growth of the metropolitan area. The Council operates transit and wastewater services and administers housing and other grant programs.

#### **Metropolitan Council's Local Housing Incentive Account (LHIA) Program:**

- Funds from this account are awarded as grants that must be matched on a dollar-for-dollar basis by the municipality receiving the funds. These grant funds may be used for costs associated with projects that help municipalities meet their negotiated Livable Communities Act (LCA) housing goals including, but not limited to, acquisition, rehabilitation and construction of permanent affordable and life-cycle housing.

#### **Income Limits:**

- Metropolitan Council's LHIA only serves households with incomes that do not exceed 80% of the Twin Cities metropolitan area median income with preference for proposals with a significant component serving households at 60%. Rehabilitation and redevelopment programs in areas of low valued, blighted or substandard properties where the local government is engaged in a redevelopment and neighborhood improvement effort to which they have committed matching funding may serve households up to 115% of area median income.

#### **Program Contacts:**

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For additional information on Metropolitan Council, you may access the website at:  
[www.metrocouncil.org/services/livcomm.htm](http://www.metrocouncil.org/services/livcomm.htm)



## **LOCAL HOUSING INCENTIVES ACCOUNT**

### **Funding Criteria and Selection Process**

The Metropolitan Livable Communities Act (MN Statutes Chapter 473.254, Subd. 6) sets forth requirements for the distribution of Local Housing Incentives Account (LHIA) funds to meet cities' negotiated affordable and lifecycle housing goals. To implement the LHIA, the Metropolitan Council partners with the Minnesota Housing Finance Agency, the Family Housing Fund and others—called the Metropolitan Housing Implementation Group (MHIG)—in a collaborative process for distributing funds to assist affordable housing development and preservation. The MHIG employs an overall set of investment guidelines and criteria to which the funding partners may add their own additional criteria.

### **ADDITIONAL MHIG FUNDING CRITERIA**

#### **Livable Communities Act-Local Housing Incentives Account (LHIA)**

Funds from this account are awarded as grants that must be matched on a dollar-for-dollar basis by the municipality receiving the funds. These grant funds may be used for costs associated with projects that help municipalities meet their negotiated LCA housing goals, including, but not limited to acquisition, rehabilitation, and construction of permanent affordable and life-cycle housing.

#### **Threshold Criteria**

- To be eligible, a municipality must have: 1) elected to participate in the Livable Communities Act Local Housing Incentives Account program; 2) negotiated housing goals adopted by the Metropolitan Council; and 3) identified to the Council the actions it plans to take to achieve these negotiated housing goals.
- The municipality must be actively pursuing various ways to meet their negotiated affordable and life-cycle housing goals.
- The municipality must match the amount of the LHIA funds to be awarded with a local affordable housing investment or contribution of an equal amount.
- New construction homeownership programs seeking assistance through the LCA LHIA funds must have a significant component of the program serving households with incomes at or below 60 percent of area median income. Other homeownership, rehabilitation, home improvement, and acquisition, demolition and resale programs may serve households at up to 115 percent of area median income in areas of low-valued, blighted and substandard properties where the local government is engaged in a redevelopment and neighborhood improvement effort to which they have committed matching local funding.
- The LHIA contribution to fill the affordability or value gap in homebuyer programs will be limited to no more than one-half of the difference between the current affordable ownership amount for households at 60 and 80 percent of area median income.

- Homeownership programs involving affordability gap funding requests must include acknowledgment that resale limitations regarding equity realized by buyers assisted by LHIA funding will be imposed by the administrators of the ownership program to recover the public investment represented by the LHIA funds.
- Each funding round, priority will be given to using 50 percent of the funds directed to rental proposals for creating/preserving units affordable at 30 percent median income.
- Among these priority proposals, give further priority to those in which units affordable at 30 percent of median income are to meet the needs of the chronically homeless.
- Funds not used to assist rental proposals serving households at 30 percent of median income or lower may be used to assist rental proposals serving households at 50 percent of median income.

### **Competitive Criteria**

(Other factors to be considered)

- The municipality currently has a net fiscal disparities contribution of \$200 or more per household.
- The municipality does not use its Affordable and Life-cycle Housing Opportunity Amount (ALHOA) expenditure as the source for its matching funds.
  - The Housing Performance Scores of the municipalities in which the housing either is or is proposed to be located are considered in inverse rank order in LCA LHIA funding recommendations.

## ACKNOWLEDGEMENT OF RECEPTIVITY TO AN LCA FUNDING AWARD

As a participant in the Livable Communities Local Housing Incentives Account

Program, the \_\_\_\_\_  
(name of city or township)

supports the affordable and life-cycle objectives of the Livable Communities Act (LCA).

Accordingly, it will accept and make available in a timely manner to Request for Proposal (RFP) applicant - \_\_\_\_\_

any LCA award to the city/township to assist the housing program or activity proposed in this application if such an award is made.

By \_\_\_\_\_

### PROPOSED PROJECT INFORMATION (Required for grant contracting purposes.)

<b>Project Name:</b>		
<b>Project Location:</b>	City:	
Street boundaries, address or major intersection:		
<b>Project Contact:</b>	Name:	
	Title:	
	Address:	
	City, Zip Code:	
	Phone & Fax:	
	E-Mail:	
City/township contact person for executing grant agreement:	Name:	
	Title:	
	Phone	
	E-mail:	
Authorized city, county or development authority official(s) for contract signature(s)	Name:	
	Title:	

## POLICY RESTRICTING METROPOLITAN COUNCIL LCA GRANTS FOR PROJECTS USING EMINENT DOMAIN FOR ECONOMIC DEVELOPMENT

**Purpose:** The Metropolitan Council adopts this Private Property Protection Policy (“Policy”) to protect the private property rights of citizens of the Metropolitan region, to discourage the use of eminent domain for the benefit of one private entity to the detriment of another and to help ensure scarce public funds are used for purposes that primarily benefit the general public.

**Policy:** No applicant for a Metropolitan Council LCA grant (“Applicant”) shall be eligible for LCA grant funds from the Metropolitan Council if the project for which an LCA grant is requested requires the exercise of eminent domain authority over private property for purposes of *economic development* as defined below:

**Definition:** For purposes of this policy, the term “*economic development*” means the taking of private property from one private person or entity, without the consent of the owner, and conveying or leasing such property to another private person or entity, for commercial enterprise, or to increase tax revenue, tax base, employment, or general economic health, provided that such term shall not include:

- (a) acquiring private property for public ownership and public use, such as for a roadway, park, sanitary sewer, hospital, public school, or similar use;
- (b) acquiring private property to remediate or clean up pollution or contamination that threatens or may threaten public health or safety or the environment, if the Applicant certifies: (i) the property owner is unable or unwilling to pay for appropriate remediation or clean up; (ii) remediation or clean up must occur expeditiously to eliminate or mitigate the threat to public health or safety or the environment; and (iii) no Responsible Party has been identified or is financially capable or carrying out the remediation or clean up;
- (c) leasing property to a private person or entity that occupies an incidental part of public property or a public facility, such as a retail establishment on the ground floor of a public building;
- (d) acquiring abandoned property or acquiring “blighted” property as the term “blighted” is defined and used in Minnesota Statutes chapter 469;
- (e) removing a public nuisance; or
- (f) clearing defective chains of title.

**Certification of Compliance:** Applications for Metropolitan Council LCA grants shall require certification of compliance with this Policy. In addition, prior to the receipt of Metropolitan LCA grant dollars, an Applicant shall again certify, in writing, its compliance with this Policy.

**Remedy for Violations:** Metropolitan Council LCA grant agreements shall include a provision requiring the forfeiture and repayment in full of any and all Council LCA grant revenues in the event that eminent domain authority is exercised in violation of this Policy.

**Implementation:** This Policy applies to LCA grant funding cycles initiated in calendar year 2006 and shall not apply to LCA grants awarded on or before the date this Policy is adopted by the Council’s governing body.

# LOCAL HOUSING INCENTIVES ACCOUNT

## Certification of Compliance

Regarding Metropolitan Council Policy Restricting LCA Grants  
For Projects Using Eminent Domain for Economic Development

Project Name: \_\_\_\_\_

Applicant's Name: \_\_\_\_\_

The "Applicant" is a statutory or home rule charter city or town that has negotiated affordable and life-cycle housing goals pursuant to the Metropolitan Livable Communities Act and is participating in the Local Housing Incentives Account program, or is a housing and redevelopment authority, economic development authority, or port authority. On January 25, 2006, the Metropolitan Council adopted a "Policy Restricting Metropolitan Council LCA Grants for Projects Using Eminent Domain for Economic Development." The policy applies to LCA grants awarded after January 25, 2006 and private property that was acquired through eminent domain proceedings after January 25, 2006.

Please check (☐) one of the following as appropriate for the Project. The Project will not be eligible for LCA grant funding unless the appropriate certifications are made by the Applicant:

- ☐ **ON BEHALF OF THE APPLICANT and to the best of my knowledge, I CERTIFY that with regard to the Project for which LCA funding is requested, no eminent domain authority was used after January 25, 2006 to acquire any private property associated with the Project and there are no plans to use eminent domain authority for "economic development" purposes in connection with the Project.**
- ☐ **Eminent domain authority was used after January 25, 2006 to acquire private property associated with the Project but, ON BEHALF OF THE APPLICANT and to the best of my knowledge, I CERTIFY that the eminent domain authority was not exercised for "economic development" purposes as defined by the Metropolitan Council's policy because one or more of the following exceptions applies:**

Please check (☐) the following exception(s) that applies:

- ☐ (a) Private property was acquired for public ownership and public use, such as for a roadway, park, sanitary sewer, hospital, public school, or similar use;
- ☐ (b) Private property was acquired to remediate or clean up pollution or contamination that threatens or may threaten public health or safety or the environment;

- ☐ (c) Private property acquired through eminent domain will be leased to a private person or entity but the private person or entity only will occupy an incidental part of a public property or public facility, such as a retail establishment on the ground floor of a public building;
- ☐ (d) Eminent domain authority was used to acquire abandoned property or acquire "blighted" property as the term "blighted" is defined and used in Minnesota Statutes Chapter 469;
- ☐ (e) Private property was acquired to remove a public nuisance; or
- ☐ (f) Eminent domain authority was used to clear defective chains of title.

If eminent domain authority was used to acquire private property to remediate or clean up pollution or contamination that threatens or may threaten public health or safety or the environment (see exception (b) above), then ON BEHALF OF THE APPLICANT, and to the best of my knowledge, I FURTHER CERTIFY that:

- (1) The property owner was/is unable or unwilling to pay for appropriate remediation or clean up; and
- (2) Remediation or clean up must occur expeditiously to eliminate or mitigate the threat to public health or safety or the environment; and
- (3) No Responsible Party has been identified or is financially capable of carrying out the remediation or clean up.

**THIS CERTIFICATION MUST BE SIGNED BY  
THE APPLICANT'S AUTHORIZED OFFICIAL:**

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature: \_\_\_\_\_